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INTERNATIONAL TRADE STATISTICS

Task Force on International Trade Statistics

Note by the Secretary-General

The Secretary-General has the honour to transmit to the Statistical Commission the report of the Task Force on International Trade Statistics (Convener: World Trade Organization), which is contained in the annex to the present report. The report is transmitted to the Commission in accordance with a request of the Commission at its twenty-eighth session 1/ and a request of the Working Group on International Statistical Programmes and Coordination at its eighteenth session (see E/CN.3/1997/19, para. 11).

Note

1/ See Official Records of the Economic and Social Council, 1995, Supplement No. 8 (E/1995/28), chap. IB.

* E/CN.3/1997/1.

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Annex

REPORT OF THE TASK FORCE ON INTERNATIONAL TRADE STATISTICS

INTRODUCTION

1. The present report (a) outlines the actions taken by the Task Force on International Trade Statistics in response to requests made by the Statistical Commission at its twenty-eighth session 1/ and its Working Group on International Statistical Programmes and Coordination at its eighteenth session (E/CN.3/1997/19, para. 11); and (b) outlines other activities carried out by the Task Force since the Commission's twenty-eighth session.

I. REQUESTS BY THE STATISTICAL COMMISSION

2. The requests made by the Commission at its twenty-eighth session and the actions taken in response are set out below.

A. Free on board/cost, insurance, freight (f.o.b/c.i.f.) ratios and system of trade

3. Request: The Commission requested the Task Force to continue its efforts to study free on board/cost, insurance, freight (f.o.b./c.i.f.) ratios and the impact on the direction of trade statistics of the general and the special system of trade. 2/

4. Action taken: Letters from the Convener of the Task Force and relevant technical reports were mailed to some 50 national statistical offices and the five regional commissions in April 1995 for their observations and suggestions. Replies were received from 17 countries and one regional commission. The replies generally supported the use of unit values for calculating the f.o.b./c.i.f. ratios; most of the respondents believed that they should be collecting information on freight and insurance to provide imports on an f.o.b. basis. As to the systems of trade, the general opinion was that statistics on trade flows to and from customs warehouses and free zones were of interest. The Task Force decided to treat those two issues within the framework of the revision of the United Nations International Trade Statistics: Concepts and Definitions, 3/ and in the planned preparation of a compiler's manual. The draft revision, entitled "International merchandise trade statistics: concepts and definitions" (PROV/ST/ESA/STAT/SER.M/52/Rev.2), is before the Commission; it contains the relevant recommendations.

B. Draft report on country practices

5. Request: The Commission requested the Task Force (a) to send the draft report on country practices to countries; (b) to ask countries to assess the impact of all those cases where country practice differed from the Concepts and Definitions, and to ask them the reason for the deviation; and (c) to provide

standardized trade data and the adjustment to procure them at the most detailed level possible. 4/

6. Action taken: Letters from the Convener of the Task Force were mailed to some 50 countries in May 1995, together with the draft report of the Task Force, requesting the information. As of 1 September 1996, three replies had been received, containing explanations of the deviations from United Nations recommendations. The final report of the Task Force, entitled "National reporting practices in international merchandise trade statistics" (ST/ESA/STAT/112) was sent to all countries in May 1996. Countries have been asked to provide corrected/updated/new information, and a machine readable database is being maintained by the United Nations Statistics Division.

C. Revision of the United Nations International Trade Statistics: Concepts and Definitions

7. Request: The Commission (a) recommended extensive involvement of countries, including in the production of the first draft of the revision; and (b) considered that the following issues should be taken well into account: harmonization with the System of National Accounts, 1993 (1993 SNA); 5/ and the fifth edition of the Balance of Payments Manual (BPM5); 6/ the need for continuity of long-term time-series of international trade; the practical issues of data collection; the identification of partner countries and the work on rules of origin being conducted at the World Trade Organization (WTO) and World Customs Organization (WCO); and the utilization of existing regional machinery for the development and implementation of the concepts and definitions. 7/

8. Action taken: In November 1994, the proposed outline of the revision was reviewed at a meeting of trade experts from member countries of the Organisation for Economic Cooperation and Development (OECD). In April 1995, the outline, which had been approved by the Task Force, as well as a technical report and related questionnaire on harmonization with the 1993 SNA and the BPM5, were circulated to approximately 100 countries by the Statistics Division. Seventeen countries provided comments on the outline, and 37 completed the questionnaire. A draft of the revision was completed in January 1996, taking account of the comments of countries (on the outline and the questionnaire on harmonization) and Task Force members, and was circulated to approximately 190 countries for their comment. Thirty countries provided comments. The draft revision, along with a document summarizing the 30 country comments, was considered at a meeting of the Expert Group on International Trade Statistics, which was convened in New York from 20 to 24 May 1996 and was chaired by the representative of Canada to the Expert Group. The meeting was attended by 33 participants representing 18 countries, including developed and developing countries and countries in transition, and by 6 international organizations that are members of the Task Force. As requested by the Commission, the issues described in paragraph 7 above were reflected extensively in the successive drafts of the revision, and were inserted in the terms of reference of the Expert Group. The discussion of the Expert Group is reflected in its report and at appropriate places in the draft revision, including the introduction (for the main conclusions of the Expert Group, see E/CN.3/1997/11, annex). Regional machinery was utilized

through input at all stages from the regional commissions and the Statistical Office of the European Communities (Eurostat).

9. The Expert Group requested the Statistics Division to revise the draft in the light of its recommendations. The resulting revised draft was circulated to members of the Expert Group for comments, and a final draft revision (PROV/ST/ESA/STAT/SER.M/52/Rev.2), which is before the Commission, was prepared to reflect those comments as far as possible (for further details of the revision process, see E/CN.3/1997/11). The report of the Expert Group is before the Commission as a background document.

D. Compiler's manual

10. Request: The Commission requested that a compiler's manual for international trade statistics be prepared in tandem with the technical guide on concepts and definitions. 8/

11. Action taken: Some aspects of compilation were addressed in drafting the revision. However, the Task Force considered that the drafting of a comprehensive compiler's manual could best be done once experience had been acquired in countries on the application of the revised concepts and definitions. The Expert Group considered that preparation of the compiler's manual should be considered as a priority task (see para. 31 (a) below).

E. Standard International Trade Classification

12. Request: The Commission decided that the Standard International Trade Classification, Revision 3 (SITC, Rev.3) 9/ should either not be revised at all or revised only in the most minimal way. 10/

13. Action taken: At the time of the twenty-eighth session of the Commission, the Statistics Division, with input from other international organizations, had completed a draft revision of SITC, Rev.3 to bring it into line with the 1996 version of the Harmonized Commodity Description and Coding System (HS 96). However, in the light of the above-mentioned decision of the Commission, the Statistics Division decided not to finalize and issue a revision of SITC because the changes reflected in HS 96 compared to SITC, Rev.3 were only minor and did not justify a new version of SITC. However, as a service to countries, concordance tables between HS 96 and SITC, Rev.3 were prepared by the Statistics Division and distributed to all countries in printed form and, on request, on diskette. 11/ In so doing, the Statistics Division consulted with Eurostat to ensure consistency between the concordance tables in use in the two organizations. The Statistics Division also intends to prepare conversion tables between any future versions of HS 96 and SITC, Rev.3.

F. Commodity Trade Statistics Database

14. Request: The Commission requested the Statistics Division to assess, as fully as possible, the needs of the users of the Commodity Trade Statistics Database (Comtrade) before rationalizing its contents. 12/

15. Action taken: The expanded system for incorporating data according to HS into Comtrade became fully operational on 1 November 1995. Data are being stored in terms of the 1988 version of HS (HS 88) to provide as long a time series of data as possible. Comtrade also contains trade data in terms of SITC, revisions 3, 2 and 1. The Statistics Division has completed the concordance between HS 88 and SITC, Rev.2, and has reconciled it with a version prepared by Eurostat so that a common version may be used. The Statistics Division is continuing to convert data reported in HS 96 or HS 88 into SITC, Rev.2 data indirectly, via concordance tables of HS 88 to SITC, Rev.3 and SITC, Rev.3 to SITC, Rev.2. At the same time, the Statistics Division is trying to assess the impact on SITC, Rev.2 data of using the direct concordance of HS 88 to SITC, Rev.2.

16. In response to the Commission's request, the Statistics Division has further reviewed, with the Task Force, the needs of users of the Comtrade database, and is reassessing its previous intention, which was to rationalize the database to maintain data only in HS 88 and SITC, Rev.2, and to discontinue maintaining quarterly data. Users have expressed a need for very long-term time series, which implies a continuing need for data according to SITC, Rev.1. In addition, several organizations use quarterly data for estimating current year trade flows when the reported data are not available. At the request of those organizations, the Statistics Division has agreed to continue collecting quarterly data from countries, and to process them on request until their users find alternative sources for the data that they need (see para. 30 (b) below).

G. Index numbers of international trade statistics

17. Request: The Commission requested that technical information on construction of index numbers of international trade be provided to countries. 13/

18. Action taken: Members of the Task Force agreed on the importance of supplying information for the construction of index numbers of international trade statistics to countries. The Task Force noted that the Statistics Division had prepared two relevant technical reports in 1982 and 1983, namely, Strategies for Price and Quantity Measurement in External Trade 14/ and Price and Quantity Measurement in External Trade: Two Studies of National Practice, 15/ which had been disseminated to all national statistical offices. A draft manual on construction of unit value and quantum indexes in external trade 16/ had been prepared by the Statistics Division in 1989 but required considerable work to be finalized. The Task Force also noted that the current work on revising the concepts and definitions on international trade statistics would continue into 1997; that the Commission had requested that a compiler's manual be prepared; and that the publication Customs Areas of the World, 17/ last produced in 1989, needed to be updated. Consequently, the Task Force

considered that further work on index numbers should be deferred until the above-mentioned tasks were completed (see para. 31 (a) below).

H. The Harmonized System

19. Request: The Commission noted that issues related to HS and its updating and revision, as well as correlations between successive versions of HS, were the responsibility of WCO, which had previously informed the Commission that it welcomed representation on statistical concerns, and requested the Statistical Division, the World Customs Organization and the World Trade Organization to jointly ensure concordance with United Nations conventions and recommendations, eliminating inconsistencies, impracticalities and ambiguities. 18/

20. Action taken: In relation to revising HS, the Convener of the Task Force (WTO) and the Statistics Division regularly attend meetings of WCO related to the subject, providing considerable input to such meetings. The Statistics Division wrote to approximately 70 national statistical offices in October 1995, requesting to be notified of any issues or revisions that the national offices might wish to propose for the current HS review cycle. The Statistics Division submitted those proposals to WCO, and they were considered by the HS Review Subcommittee of WCO at a meeting in September 1996. International organizations have requested additional 6-digit HS detail for statistical purposes. The Statistics Division and WTO have voiced their concerns to WCO about the use by WCO of the same HS 6-digit code to identify different products over time, and about the creation of new classes with complex concordances to previous versions of HS. Such concordances lead to the need to allocate trade on an arbitrary basis when converting data reported in a current version of HS into the structure of a previous version of HS. In connection with the HS review process, the Statistics Division has also provided WCO with all available trade data at the HS 6-digit level, for use in discussions about introducing new items or deleting old items at the 6-digit level of HS. The Statistics Division compiles information on the use of non-standard HS codes by countries to identify their content and occurrence, and informs the WCO of such practices.

21. Considerable contact and cooperative work has been promoted among the Task Force, WCO, WTO and the Statistics Division on statistics-related matters since the twenty-eighth session of the Commission. All three organizations are members of both the Task Force on International Trade Statistics and the Expert Group on International Classifications, and are working closely together on future approaches to revision and the development of classifications. The issues of identification of partner countries and the work on rules of origin are being studied jointly at WTO and WCO as a result of the Uruguay Round of multilateral trade negotiations, and the Statistics Division is participating in that review process. The current revision of the United Nations international trade concepts and definitions, which emphasizes the movement of goods across borders, is based largely on customs records. WCO has reviewed the draft recommendations and provided input.

II. REQUESTS BY THE STATISTICAL COMMISSION'S WORKING GROUP ON INTERNATIONAL STATISTICAL PROGRAMMES AND COORDINATION

22. The requests made by the Working Group at its eighteenth session and the actions taken in relation to each request are set out below.

A. Promoting standardization

23. Request: The Working Group urged the Task Force, in the interests of ensuring more consistent international trade data, to promote greater standardization in the treatment of confidentiality, exchange-rate conversions and the basis for designating partners in international trade (E/CN.3/1997/19, para. 11 (b)).

24. Action taken: Those issues were reflected in both the terms of reference of the Expert Group on International Trade Statistics and in the draft revision of international merchandise trade statistics concepts and definitions (PROV/ST/ESA/STAT/SER.M/52/Rev.2) that the Expert Group finalized, which is before the Commission.

B. Presentation of the revised concepts and definitions for international merchandise trade statistics

25. Request: The Working Group requested the Task Force to identify appropriate and practical ways to present the revised concepts and definitions and to provide compilation advice to countries (E/CN.3/1997/19, para. 11 (c)).

26. Action taken: The Task Force addressed that request by including in the introduction to the draft revision (PROV/ST/ESA/STAT/SER.M/52/Rev.2) a list of the major changes to existing recommendations, noting in each case the type of change proposed, if any, making use of such terms as "refinement", "new", "update", "extension" or "unchanged" to guide the user. In addition, the user is alerted in the introduction to the fact that no radical change is proposed in the revision, although some changes have been made in the direction of harmonization with the 1993 SNA and BPM5, the conceptual frameworks of which have been accepted as a long-term objective for international trade statistics.

27. As to the provision of compilation advice, some aspects of compilation are included in the draft revision, and the Expert Group addressed the issue of developing a compiler's manual (see para. 31 (a) below). In addition, the Task Force will continue to conduct training workshops on international trade statistics for countries. The next planned workshop is a cooperative undertaking by the Statistics Division and the Economic Commission for Africa (ECA), to be held from 23 to 27 September 1996 at ECA headquarters in Addis Ababa.

C. The Harmonized System

28. Request: The Working Group encouraged the Task Force to provide input into the revision of HS to ensure that statistical concerns were adequately taken into account (E/CN.3/1997/19, para. 11 (d)).

29. Action taken: See paragraphs 20 and 21 above.

III. OTHER MAJOR ACTIVITIES OF THE TASK FORCE

30. The Task Force met at Rome from 8 to 10 May 1995 and at Geneva from 19 to 21 March 1996, continuing its work in the interim between those meetings. In addition to the actions described in sections I and II above, the Task Force carried out other work, as follows:

(a) The Task Force increased cooperation among its members to share data and reduce reporting burdens on countries, which has helped to increase the consistency of data and estimates compiled by organizations;

(b) The Task Force completed a review of questionnaires and publications issued by the organizations in international trade statistics. In respect of publications, the Task Force concluded (8-10 May 1995) that (i) the reports produced to date on the publications represented an adequate study, giving Task Force members an overall view of what has been published in the field of international trade statistics by international organizations; (ii) publication of aggregate imports and exports by countries in a range of publications was considered useful to users; different aggregations of commodities and country groupings were designed to meet individual organization needs and, if clearly defined for other users, could be useful and should be not problematic; (iii) while there were currently unexplained differences in some numbers published, there was a broad degree of consistency, so that the consistency level was improving and was expected to improve further as reconciliation exercises were completed and common sourcing of data was increased; and (iv) that it would return to the analysis after the current reconciliation and sourcing studies were completed. In respect of questionnaires, the Task Force concluded that considerable progress was being made on the coordination of data collection and processing among the major producer and user organizations, with specific agreements having been entered into or under discussion, and the Task Force accordingly decided to discontinue the review;

(c) The Task Force members have exchanged information on methods used to prepare estimates of trade flows in cases where countries do not report their national data. The Task Force reiterated the importance of having, as far as possible, reliable, complete and timely information on merchandise trade flows by commodity and partner, which would reduce the need for Task Force members to engage in estimation (see para. 31 (b) below);

(d) The Task Force reviewed the technical cooperation provided by its member organizations and the coordination arrangements that were in place, and agreed to continue those efforts. The continuing efforts by United Nations Conference on Trade and Development, Eurostat and WCO in relation to the

Automated System for Customs Data and of Eurostat in relation to the EUROTRACE software for the management of foreign trade data were supported, since both were helping to increase the availability and quality of international trade statistics from the countries adopting those systems;

(e) The Task Force agreed on the need for information on international subcontracting and on intra-firm trade, and noted the relevant work undertaken by Eurostat and OECD. It also considered that there was a need to fully integrate those issues with the concepts and definitions being developed for services trade in the context of the General Agreement on Trade in Services;

(f) The Task Force considered its own functioning at its session in 1995. Members were of the opinion that the Task Force had been the single most effective tool in many years for improving the quality of trade statistics and reducing response burden on national statistical offices. A number of activities were coming to closure, thereby reducing the need for the same frequency of meetings. However, the continuation of the Task Force was very important. As a general rule, one meeting per year could be envisaged, with the possibility of having ad hoc meetings on specific projects (see para. 31 (c) below). One such ad hoc meeting had already been held on the revision of international merchandise trade concepts and definitions.

IV. POINTS FOR DISCUSSION

31. The Statistical Commission may wish to:

(a) Set out its views on priorities for completion of a compiler's manual, revision of the Customs Areas of the World, 17/ and preparation of technical information on index numbers of international trade statistics (see paras. 11, 18 and 27 above);

(b) Encourage all countries to supply their current international trade statistics to the United Nations Statistics Division either in terms of HS, if that commodity classification is used by a country, or in terms of whatever commodity classification is in use by a country; and to respond positively to the Statistics Division's request to supply previous years of data in terms of HS, where available, for completion of the Statistics Division database according to HS (see paras. 15, 16 and 30 (c) above);

(c) Confirm that the Task Force on International Trade Statistics should continue to function and meet, as necessary (see para. 30 (f) above).

Notes

1/ Official Records of the Economic and Social Council, 1995, Supplement No. 8 (E/1995/28), para. 19.

2/ Ibid., para. 19 (a).

3/ Statistical Papers, Series M, No. 52, Rev.1 (United Nations publication, Sales No. E.82.XVII.14).

4/ Official Records of the Economic and Social Council ..., para. 19 (b).

5/ Statistical Papers, Series F, No. 2, Rev.4 (United Nations publication, Sales No. E.94.XVII.4).

6/ Balance of Payments Manual, fifth edition (Washington, D.C., International Monetary Fund, 1993).

7/ Official Records of the Economic and Social Council ..., para. 19 (c) (ii) and (iii).

8/ Ibid., para. 19 (d).

9/ Statistical Papers, Series M, No. 34, Rev.3 (United Nations publication, Sales No. E.86.XVII.12).

10/ Official Records of the Economic and Social Council ..., para. 19 (e).

11/ Report prepared by the United Nations Statistics Division entitled "Correlation between the Harmonized Commodity Description and Coding System 1996 and the Standard International Trade Classification, Revision 3" (3 November 1995; also available on diskette).

12/ Official Records of the Economic and Social Council ..., para. 19 (f).

13/ Ibid., para. 19 (g).

14/ Statistical Papers, Series M, No. 69 (United Nations publication, Sales No. E.82.XVII.3).

15/ Statistical Papers, Series M, No. 76 (United Nations publication, Sales No. E.83.XVII.7).

16/ Internal document of the Statistics Division (INT/89/R.79, 1 November 1989; English only).

17/ Statistical Papers, Series M, No. 30, Rev.2 (United Nations publication, Sales No. E.89.XVII.12).

18/ Official Records of the Economic and Social Council ..., para. 19 (h) and (i).